TORONTO, ONTARIO--(Marketwired - Dec. 1, 2015) -

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Lydian International Ltd. (TSX:LYD) ("Lydian" or "the Company") is pleased to announce it has entered into definitive agreements related to a $325 million construction financing package for Lydian's 100%-owned Amulsar Gold Project in south-central Armenia (the "Financing") to be provided by Orion Mine Finance ("Orion") and Resource Capital Funds ("RCF"). All dollar amounts in this news release are presented in U.S. dollars unless otherwise noted.

Howard Stevenson, Lydian's President and CEO, stated, "This Financing is an important milestone in our commitment to all stakeholders to advance Amulsar to production. The economic enhancements from our recently announced value engineering work represented a major step toward our objective of optimizing project economics and underpinned the opportunity to complete this Financing. Orion and RCF are highly-respected mining finance investment funds, and over and above their financial commitments, each group brings added experience to our team."

The Financing commitments consist of a:

- $60 million gold and silver stream;
- $80 million equity private placement;
- $160 million term loan facility; and
- $25 million cost overrun facility.

The total financing requirement to fund construction of Amulsar is estimated to be $395 million, consisting of initial capital costs of $370 million plus an estimated $25 million for financing and other construction-period costs. The Financing (not including the cost overrun facility), along with an anticipated equipment lease facility of $70 million and public equity offering of a minimum of $25 million, is expected to fully finance construction of Amulsar. The cost overrun facility of $25 million is also provided in the event costs exceed the initial capital cost estimate. Funding under the Financing will occur in various stages and is subject to applicable conditions precedent. An initial $25 million deposit under the stream agreement will be provided upon satisfaction of customary closing conditions. With these funds, the Company will establish its engineering, environmental and social owner's team and immediately transition to basic engineering.

Mr. Stevenson added, "The Financing provides over 75% of the overall financing requirement, which is a strong achievement in the current financial market. Furthermore, the structure greatly reduces dilution compared to traditional project finance structures, while allowing existing shareholders to participate alongside the significant equity commitments from Orion and RCF. Equipment financing discussions, which represent the final component of a fully financed project, have also been advancing throughout the value engineering stage."

Special Committee Established

Lydian's board of directors has formed a special committee of independent board members to consider the Financing and any strategic alternatives. Financial advisors were also engaged to evaluate the fairness from a financial perspective of the Financing. The special committee unanimously recommended that the board of directors approve the Financing after considering its merits, strategic alternatives, as well as certain advice, reports and opinions it received from management and its professional advisors, including the fairness opinions received from its financial advisors, Endeavour Financial Limited (Cayman) ("Endeavour Financial") and Scotia Capital Inc. ("Scotiabank"). The board of directors has determined that the Financing is in the Company's best interests by providing funding to advance Amulsar ahead of the 2016 construction season and, in the aggregate, providing more than 75% of the estimated capital requirement for development of the Amulsar Gold Project.

Response from the Republic of Armenia

In response to Lydian announcing this Financing, the Prime Minister of the Republic of Armenia, Hovik Abrahamyan, commented, "The financing of the construction of the Amulsar Mine represents a significant step forward in the development of the mining industry in Armenia. The Government of Armenia is pleased that significant investors in the mining industry recognize Armenia as a mining investment destination. We look forward to the socio-economic contributions to Armenia that the Amulsar Mine represents."

Financing Highlights

Stream Agreement

- $60 million will be advanced in two deposits. The initial deposit of $25 million will be advanced upon closing of the stream component of the Financing, subject to satisfaction of customary closing conditions. A second deposit of $35 million will be advanced three to nine months following the closing of the stream component of the Financing and upon satisfactory completion of conditions precedent, which include, among other things, completion of the equity private placement by Orion and RCF and a public equity offering of not less than $25 million (together, the "Equity Financing").
- The stream applies to 6.75% of the gold production up to 2.1 million refined ounces and 100% of silver production up to 0.7 million refined ounces.
- Upon delivery of refined precious metal ounces, the Company will receive a cash payment of the lower of prevailing market prices or $400/oz for gold and $4.00/oz for silver, each subject to 1% per annum escalation beginning on the third anniversary of the project achieving commercial production.
- The Company may elect to reduce the amount of refined gold and refined silver to be delivered and sold under the stream agreement by 50% on either the second or the third anniversaries of achieving commercial production by making a payment of $55 million or $50 million, respectively.
- In the event that shareholder approval for the equity private placement (described below) is not obtained or in the event the Equity Financing is not completed within nine months from the date of the stream agreement, the Company will, subject to certain conditions, be able to repurchase the stream for the amount of the initial deposit plus interest, or leave it in place at a 25% reduction of the deliverable metals.
- Security for performance of the obligations under the stream agreement include, among other things: guarantees of the Company and its subsidiaries, share pledges, and a mortgage over the assets and rights of the Company's Armenian operating subsidiary, Geoteam CJSC.

Equity Private Placement

- Orion and RCF have committed to purchase $80 million of Lydian's ordinary shares through a non-brokered equity private placement to be completed with a $25 million public equity offering. Orion and RCF will subscribe to $77.6 million, after deduction of a 3% equity origination fee. The equity private placement will be priced at the same offering price as the public equity offering, subject to a maximum price of C$0.35 per Lydian ordinary share.
- In the event the $25 million public equity offering is oversubscribed, then 50% of the excess proceeds will be applied to reduce the availability of the cost overrun facility and the term loan facility, in that order.
- Each of Orion and RCF will receive participation rights in any future equity or equity linked offerings by the Company. Each subscriber will also receive the right to nominate one director so long as equity ownership remains above 10% and a second director so long as ownership exceeds 20%.
- Lydian intends to convene a special meeting of shareholders to seek shareholder approval for the equity private placement in accordance with the requirements of the Toronto Stock Exchange.

Term Loan Facility

- A senior secured term loan facility for $160 million will be provided by Orion and RCF. An initial tranche of $50 million will be made available following completion of funding under the Equity Financing and the stream agreement and upon satisfactory completion of conditions precedent, and will continue to be available through September 30, 2016. Thereafter, the second tranche of $110 million will be available for advance until September 30, 2017.
- Interest on the term loan facility will be based on the 3-month dollar LIBOR rate, subject to a minimum of 1%, plus a 6.5% margin.
- Interest shall accrue and be capitalized to the term loan facility prior to June 30, 2018. From and after that date, interest will be paid on a quarterly basis. Principal (including capitalized interest) will be paid through quarterly scheduled installments and a 30% cash sweep of excess cash flow beginning June 30, 2018 and continuing through maturity on September 30, 2021.
- The term loan facility does not require any hedging commitments or reserve accounts.
- Orion and RCF will receive an aggregate of 5 million ordinary share purchase warrants, issuable upon closing of the public equity offering. The warrants will have a three-year term and a strike price equal to 130% of the subscription price of the public equity offering.
- Security for performance of the obligations under the term loan facility will be identical to security for the stream agreement, and will rank *pari passu* with the security for the stream obligations.

Cost Overrun Facility ("COF")

- A senior secured COF for $25 million will be provided by Orion and RCF, and will be available, upon satisfactory completion of conditions precedent and provided any projected overrun is within the amount of the COF plus other sources of funds available to the Company and the project is still estimated to achieve commercial production as scheduled.
- Interest on the COF will be based on the 3-month dollar LIBOR rate, subject to a minimum of 1%, plus a 9.5% margin.
- A cash sweep of 30% of excess cash flow will be used to repay the COF. Any remaining balance will be due in full on September 30, 2020. Early repayment may be made in full or part at any time without penalty.
- If the COF is drawn, Orion and RCF will receive an aggregate of 5 million ordinary share purchase warrants in connection with COF. If issued, the warrants will have a three-year term and a strike price equal to 130% of the volume weighted average closing price of the Company's ordinary shares during the 20 business days preceding initial drawdown of the COF.
- Security provided to secure the term loan facility will also secure obligations under the COF.

Offtake Agreement

- Applies to 100% of gold production up to 2.1 million refined ounces less gold ounces deliverable under the stream agreement.
- Orion and RCF will pay for refined gold based on prevailing market prices during a quotational period following each delivery.
- The quotational period will be reduced subject to the fulfillment of certain milestones.
- In the event the Company is unable to meet the conditions precedent to the second deposit under the stream agreement due to inability to receive shareholder approval for the equity private placement, the offtake agreement will remain in place but with a reduced quotational period.

Next Steps

The Company's short-term objectives include the following:

- Update the environmental impact assessment for the Amulsar Gold Project and seek to amend the mining right approved by the Armenian Ministry of Energy and Natural Resources to incorporate changes resulting from value engineering studies, the findings of which are reflected in the report titled "NI 43-101 Technical Report, Amulsar Value Engineering and Optimization, Armenia", dated as of November 20, 2015 which is available under the Company's profile at www.sedar.com;
- Prepare and publically disclose an amendment to the Environmental and Social Impact Assessment ("ESIA") for the Amulsar Gold Project, followed by public consultation events;
- Continue with environmental, biodiversity and social development initiatives as set out in the ESIA pending its amendment;
- Continue land acquisition, including areas along the conveyor corridor, and initiate conversion of lands for industrial usage;
- Continue to build organizational capacity within Lydian's environmental, social, and construction management teams;
- Proceed with basic engineering, with the objective of initiating construction during Spring 2016;
- Advance Amulsar's full value potential through conversion of inferred resources and testing of possible extensions of the deposit;
- Satisfy all conditions to the availability, effectiveness and completion of the Financing; and
- Progress the financing arrangements by arranging the remaining components, which are expected to include equipment financing, the equity private placement by Orion and RCF, and a public equity offering of not less than $25 million.

The preceding was a summary of the material terms and conditions of the definitive agreements for the various components of the Financing. This summary is qualified in its entirety by reference to the provisions of the respective agreements, which contain a complete statement of those terms and conditions, and which will be filed in due course under the Company's profile on www.sedar.com.

This news release does not constitute an offer to sell or a solicitation of an offer to buy any of the securities in the United States. Lydian's securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act") or any state securities laws and may not be offered or sold within the United States or to U.S. Persons unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available.

Conference Call

Lydian will host a conference call on December 1, 2015 (today) at 1:00 p.m. EST to discuss the content of this news release. A recording of the call will be posted on the Company's website for a limited period of time.

Conference Title:	Lydian Financing for Amulsar Gold Project
North America toll-free	1-800-895-0231
U.K. toll-free	0 808 101 1183
Global Toll Access:	1-785-424-1054
CONFERENCE ID:	Lydian

A copy of the presentation will be available one hour prior to the conference call at www.lydianinternational.co.uk.

About Lydian International Limited

Lydian is an emerging gold developer, focused on its 100%-owned Amulsar Gold Project, located in south-central Armenia. The Company's current mine development and construction plan for Amulsar is aimed at achieving average production greater than 200,000 ounces of gold per year and establishing the Company as a high cash-flow producer. The Company is committed to best practices in all aspects of its operations including production, sustainability, and good corporate citizenry. For more information and to directly contact us, please visit www.lydianinternational.co.uk.

About the Investors

Orion Mine Finance is a mining-focused investment business with approximately $1.85 billion under management specializing in

providing flexible capital investment solutions to mining companies in the base and precious metals sector. Orion has demonstrated capability in debt, equity, convertibles, offtake, streaming, and royalty investments. In addition, the Orion team has experience in the physical metals markets, such as facilitating the purchase, metal financing, transporting, processing and selling of a mine's output to end customers.

Resource Capital Funds is a private equity firm established in 1998 with a mining sector specific investment mandate spanning all hard mineral commodities and geographic regions. Since inception, RCF has supported 142 mining companies, with projects located in 45 countries and across 29 commodities. RCF is currently investing its sixth fund with committed capital of $2.04 billion. Further information about RCF can be found on its website (www.resourcecapitalfunds.com).

RCF has a strong team of technically diverse investment professionals, with wide ranging industry expertise and demonstrated history of investments in mining globally. RCF's track record is based on its ability to pick technically and commercially compelling assets and support management to achieve desired outcomes whilst remaining throughout a source of patient capital. RCF aims to partner with companies to build strong, successful and sustainable businesses and in doing so strives to earn superior returns for all shareholders.

Advisors to Lydian

Endeavour Financial and Scotiabank are acting as financial advisors, and Stikeman Elliott LLP is acting as legal counsel to Lydian. Endeavour Financial and Scotiabank have provided opinions to Lydian's special committee that, as of the date thereof and subject to the assumptions, limitations and qualifications set out therein, the transaction is fair, from a financial point of view, to the shareholders of Lydian.

Endeavour Financial is a private independent merchant banking company focused on providing expert and unbiased financial advisory services to the global natural resources sector. Offering advice in project, corporate and debt capital markets; equity-linked financings; mergers and acquisitions; and strategic business development over more than two decades, Endeavour Financial has established itself as a leading financial advisor in the natural resources sector. Specific to the mining sector, in the last ten years the firm has closed in excess of US$4 billion of development financings for single-asset emerging producers.

Scotiabank is Canada's international bank and a leading financial services provider in North America, Latin America, the Caribbean and Central America, and parts of Asia. Scotiabank, through its Global Banking and Markets division, provides corporate and investment banking and capital markets products and services to corporate, institutional and government clients around the globe. In Canada, Scotiabank offers a full range of mergers and acquisitions financial advisory services.

Advisors to Orion and RCF

Torys LLP was legal advisor to Orion Mine Finance and Blakes LLP was legal advisor to Resource Capital.

Caution regarding forward-looking information

Certain information contained in this news release, including any information relating to the Amulsar Gold Project's expected future performance is "forward looking". All statements in this news release, other than statements of historical fact, that address events, results, outcomes or developments that the Company expects to occur are "forward-looking statements". Forward-looking statements are statements that are not historical facts and are generally, but not always, identified by the use of forward-looking terminology such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "objectives", "intends", "anticipates", "projects", "potential", "believes" or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "should", "might" or "will be taken", "occur" or "be achieved" or the negative connotation of such terms. Forward-looking statements in this news release include, among others, statements with respect to: the Company's future operating results and economic performance; the expected use of proceeds from the Financing, the equity private placements and the public equity offering; the anticipated completion of the Financing, the equity private placements and the public equity offering; the anticipated closing date for the initial deposit under the stream component of the Financing; the completion, effectiveness or availability, as the case may require, of the various components of the Financing and the use of proceeds therefrom; the expected completion of the an equipment financing facility; the Company's expectations regarding receipt of the initial deposit and the second deposit under the stream component of the Financing and its ability to meet its delivery obligations thereunder; the impact of the Financing, the equity private placements and the public equity offering on the Company's operations, infrastructure, opportunities, financial condition, access to capital and overall strategy; the receipt of required regulatory and other approvals; the anticipated economic and feasibility parameters of the Amulsar Gold Project; the expected cost and timing of development of the Amulsar Project; the expected capital costs, operating costs and production for the Amulsar Gold Project; the expected mining operations and plan, production and other attributes of the Amulsar Gold Project; the Company's objective to update the environmental impact assessment for the Amulsar Gold Project and to prepare and publish an amendment to the ESIA; the Company's plans with respect to continued land acquisitions and the conversion of such lands for industrial usage; the Company's objectives with respect to organizational capacity building.

All forward-looking statements in this news release are based on the opinions and estimates made as of the date such

statements and are made and are subject to important risk factors and uncertainties, many of which are beyond the Company's ability to control or predict. Material assumptions regarding forward looking statements are discussed in this news release, where applicable. In addition to, and subject to, such specific assumptions, the forward-looking statements in this new release are subject to the following assumptions: (1) there being no signification disruptions affecting the development and operation of the project; (2) the exchange rate between the Canadian dollar, the Armenian Dram, the British pound and the U.S. dollar being approximately consistent with current levels; (3) the availability of certain consumables and services and the prices for diesel, natural gas, fuel oil, electricity and other key supplies being approximately consistent with current levels; (4) labor and materials costs increasing on a basis consistent with current expectations; (5) permitting and arrangements with landholders being consistent with current expectations; (6) that all environmental approvals, required permits, licenses and authorizations will be obtained from the relevant governments and other relevant stakeholders within the expected timelines; (7) certain tax rates, including the allocation of certain tax attributes to the project; (8) the availability of financing for the Company's development activities; (9) the timelines for exploration and development activities on the project; (10) assumptions made in mineral resource and reserve estimates, including geological interpretation grade, recovery rates, gold price assumption, and operational costs; (11) the satisfaction or waiver of all conditions to the completion, effectiveness or availability, as the case may require, of each of the components of the Financing; (12) the receipt of funds under each of the components of the Financing, as well as the completion of the public equity offering and the establishment of an equipment financing facility; (13) the receipt of the second deposit under the stream agreement and the Company's ability to meet its gold and silver delivery obligations thereunder; (14) the receipt of shareholder approval for the equity private placement; and (14) general business and economic conditions. Forward-looking statements are necessarily based on estimates and assumptions that are inherently subject to known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from those expressed or implied by such forward-looking statements.

Such risks, uncertainties and factors include, without limitation: significant capital requirements and availability of capital resources to fund such requirements; price volatility in the spot and forward markets for commodities; fluctuations in the international currency markets and in the rates of exchange of the currencies of Canada, Armenia, Great Britain and the United States; discrepancies between actual and estimated production, between actual and estimated reserves and resources and between actual and estimated metallurgical recoveries; changes in national and local government legislation in Armenia; taxation; controls, regulations and political or economic developments in Jersey, Canada or Armenia; the speculative nature of mineral exploration and development; risks associated with obtaining and maintaining the necessary licenses and permits and complying with permitting requirements, including, without limitation approval of the Armenian Government and receipt of all related permits, authorizations or other rights; the uncertainties inherent to current and future legal challenges the Company is or may become a party to; diminishing quantities or grades of reserves and resources; competition; loss of key employees; additional funding requirements; rising costs of labor, supplies, fuel and equipment; actual results of current exploration activities; changes in project parameters as plans continue to be refined; accidents; labor disputes; defective title to mineral claims or property or contests over claims to mineral properties; delays and costs inherent to consulting and accommodating local stakeholders; uncertainties with respect to obtaining all necessary surface rights, land use rights and other tenure from the Armenian Government and private landowners required for the Amulsar Gold Project; the failure to successfully complete the public equity offering; failure to receive regulatory approvals (including stock exchange), shareholder approval or other approvals or otherwise satisfy the conditions to the completion, effectiveness or availability, as the case may require, of each of the components of the Financing; the funds of some of the financing transactions not being available to the Company; future sales or issuances of ordinary shares lowering the ordinary share price and diluting the interest of existing shareholders; and the Company being unable to meet its gold and silver delivery obligations under the stream agreement. In addition, there are risks and hazards associated with the business of mineral exploration, development and mining, including environmental events and hazards, industrial accidents, unusual or unexpected formations, pressures, cave-ins, flooding and gold bullion losses (and the risk of inadequate insurance or inability to obtain insurance to cover these risks) as well as "Risk Factors" included in the disclosure documents filed on and available at www.sedar.com.

Forward-looking statements are not guarantees of future performance, and actual results and future events could materially differ from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. All of the forward-looking statements contained in this news release are qualified by these cautionary statements. The Company expressly disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, events or otherwise, except in accordance with applicable securities laws.

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